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Message Text

SECRET

PAGE 01 TEHRAN 09243 020541Z

15
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 NSCE-00 /026 W
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O 020023Z NOV 74
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 8827

S E C R E T TEHRAN 9243

EXDIS

SECTO 343

E.O. 11652: GDS
TAGS: OVIP (KISSINGER, HENRY A.) ENRG US FR GW OECD
SUBJ: MESSAGE REPEAT

REF: STATE 238219 (NOTAL); LONDON 14155;

FOLLOWING SENT ACTION NEW DELHI FROM BONN OCTOBER 28, 1974;

QUOTE: SECRET/EXDIS BONN 16890
E.O. 11652: GDS
TAGS: ENRG US FR GW OECD
SUBJ: FRENCH PROPOSAL FOR PRODUCER-CONSUMER CONFERENCE

FOLLOWING IS TEXT OF PAPER GIVEN STATE SECRETARY GEHLHOFF EXCLUSIVELY FOR SCHMIDT'S PERSONAL USE: BEGIN TEXT:

POONTS OF CONCERN WITH RESPECT TO THE FRENCH PROPOSED PRODUCER-CONSUMER CONFERENCE

1. SINCE THE WASHINGTON ENERGY CONFERENCE WE HAVE PROCEEDED ON THE ASSUMPTION THAT AN EVENTUAL PRO-DUCER-CONSUMER DISCUSSION WOULD BE USEFUL BUT THAT ITS UTILITY DEPENDED UPON THE ESTABLISHMENT FIRST OF CONSUMER COOPERATION.

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2. IN NINE MONTHS OF EFFORT WE ARE ONLY NOW ESTABLISHING THE IEP AND THE ENERGY COORDINATING GROUP IN THE OECD. WE HAVE ALL RECOGNIZED THAT THESE ARE FIRST STEPS WHICH MUST BE QUICKLY FOLLOWED BY COMMON POLICIES IN THE MORE IMPORTANT FIELDS OF CONSUMPTION RESTRAINT AND A COMMON APPROACH TO THE PROBLEM OF RECYCLING.

3. AFTER CONVERSATIONS WITH THE NEW FRENCH PRESIDENT IN JULY, WE HAD EMBARKED ON A HOPEFUL COURSE OF ACHIEVING BETTER COOPERATION BY QUIET TALKS DEALING WITH CONCRETE PROBLEMS. IN FACT, IT WAS GISCARD'S IDEA THAT WE USE THE "LIBRARY GROUP". WE PROCEEDED IN THIS FASHION AND THOUGHT WE WERE MAKING PROGRESS IN BRINGING THE FRENCH CLOSER TO A COMMON APPROACH TO THESE PROBLEMS.

4. WITHOUT ANY CONSULTATION WE ARE NOW FACED WITH A PUBLIC PROPOSAL FOR A CONSUMER-PRODUCER MEETING BUT THERE IS NO OBJECTIVE BASIS AT THIS TIME -- PRIOR TO FURTHER AGREEMENT AMONG THE CONSUMERS -- ON HOW THE TWO SETS OF INTEREST CAN BE RECONCILED.

5. THERE HAS BEEN NO RECENT PRESSURE FROM THE PRODUCERS TO HAVE SUCH A MEETING.

6. AT THE TIME WHEN THE ENERGY GROUP IS JUST BEING ESTABLISHED IN THE OECD, THE SITUATION WILL BE CONFUSED BY THE FRENCH SUGGESTION FOR AN OFFICIAL-LEVEL GROUP TO PREPARE FOR THE PRODUCER-CONSUMER CONFERENCE.

7. WITHOUT HAVING ACHIEVED A SOLUTION TO THE RECYCLING PROBLEM AND WITHOUT A FIRM PROGRAM FOR CONSUMPTION RESTRAINTS, THE CONSUMERS WILL BE ENTERING SUCH A DIALOGUE AT A DISADVANTAGE WHERE THEY WILL FACE EITHER CONFRONTATION OR CAPITULATION TO THE DEMANDS OF THE PRODUCERS.

8. THE FRENCH SUGGESTION FOR INDEXING, IN A PERIOD OF CONTINUED INFLATION, APPEARS TO BE AN INVITATION FOR HIGHER NOT LOWER OIL PRICES.

9. THIS CONFERENCE CANNOT POSSIBLY PRODUCE POSITIVE RESULTS

AND THEREFORE THE POSSIBILITY OF A LATER AND MORE PRODUCTIVE DIALOGUE WILL BE JEOPARDIZED.

10. IF THIS EFFORT DOES INDEED SOW CONFUSION AMONG THE CONSUMERS, IT MAY END UP BY ENCOURAGING BILATERALISM AND ADDITIONAL UNILATERAL ACTIONS WHICH WE ALL AGREE CANNOT HOPE TO SOLVE THE PROBLEM.

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1. ABOVE ALL, THIS PUBLIC ACTION WITHOUT CONSULTATION
RISKS TURNING US BACK TOWARD THE SITUATION WE FACED LAST
YEAR WHEN RELATIONS BETWEEN THE UNITED STATES AND EUROPE
WERE AT THEIR LOWEST EBB. END TEXT. HILLENBRAND. UNQUOTE.
KISSINGER

SECRET

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